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SUBJECT: JORDAN SCENESETTER FOR DEPUTY SECRETARY LEW

REF: A. AMMAN 320  
[1](#)B. AMMAN 310  
[1](#)C. AMMAN 307  
[1](#)D. AMMAN 219  
[1](#)E. AMMAN 218  
[1](#)F. AMMAN 092  
[1](#)G. 09 AMMAN 2804

[1](#)1. (SBU) Summary: Embassy Amman warmly welcomes your visit, which will allow us to engage the Government of Jordan (GOJ) at the highest levels. We have requested an audience with King Abdullah and confirmed meetings with the Foreign Minister and Minister of Planning and International Cooperation. The end of 2009 was marked with a flurry of political changes in Jordan, with the King dissolving the parliament in November. Separately, he dismissed the cabinet and named a new Prime Minister, who formed a new cabinet, in December. The new cabinet, in accordance with the constitution, has begun issuing "temporary" laws in the absence of parliament, as a way to move its agenda forward until parliamentary elections, scheduled to take place during the fourth quarter of 2010, occur. Regional tensions continue to capture the attention of the Jordanian leadership, particularly the stalled peace negotiations between the Palestinians and Israelis and the situation regarding Iran's nuclear program, two issues seen as linked by Jordanian interlocutors. In addition to domestic and regional security concerns, Jordan's leadership is preoccupied with managing a tight budgetary situation. The 2010 Jordanian budget includes \$7.7 billion in expenditures, a \$1.43 billion deficit before grants, and 20% cuts in capital expenditures. As a result, GOJ agencies are curtailing spending and seeking additional financial and technical assistance from the USG and others. In terms of post management issues, we continue to focus on security and space. End summary.

Political Changes  
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[1](#)2. (SBU) The King constitutionally dissolved the Parliament in late November 2009. The parliament was widely perceived as ineffective. Cooperation between the then-cabinet and parliament had deteriorated to such an extent that only a minimal amount of legislation was offered for parliamentary consideration, most of which was stymied or, if approved, mangled in the process, according to parliamentary observers.

[1](#)3. (SBU) Following the King's dissolution of the parliament, he exercised a constitutional clause which allowed him to extend the normal constitutionally required four-month window for new elections. Palace statements indicated that this was done to reform the election law in order to improve a process which was strongly criticized domestically for favoring

rural, East Bank communities over urban communities with large Palestinian-origin populations during the 2007 election. The King has established a ministerial-level committee to consider electoral law reforms and announced that parliamentary elections will be held in the last quarter of 2010.

¶4. (SBU) In early December, the King accepted the resignation of then-Prime Minister Nader Dahabi and appointed to replace him entrepreneur Samir al-Rifa'i, who is a former official and advisor to the King in the Royal Court, Foreign Minister Judeh's cousin, and the son of former Prime Minister and Upper House Speaker Zayd al-Rifa'i. In his designation letter to Rifa'i, the King emphasized, among various reform efforts, the need to fight corruption.

¶5. (SBU) Along with the new Prime Minister, a new 29-member cabinet was named and officially sworn in on December 14. Local commentators note a lack of new faces in the cabinet, with 13 returning ministers and seven who served in previous governments (ref G). Analysts believe that the government, as a whole, will ultimately turn out to be conservative rather than reform-oriented in its decision-making. In the absence of a sitting parliament, the new government has begun to pass so-called "temporary laws" or legislation enacted without parliamentary approval, which will theoretically be subject to parliamentary re-evaluation once new members are elected and seated. Some commentators see this as a way for the government to pass legislation which otherwise would not have made it through a sitting parliament. For example, much needed tax reform laws, which the previous parliament opposed, were recently enacted as well as a law on renewable energy (ref E).

#### Foreign Policy

¶6. (SBU) During your visit, you will hear from GOJ interlocutors their concern on the lack of progress in Middle East Peace negotiations. King Abdullah has said publicly that the lack of progress is the greatest threat to stability in the region and hurts U.S. credibility in the region. King Abdullah further asserts that the lack of meaningful progress hurts the ability of the United States to advance its interests on multiple issues in the region, including on Iran. Jordan also considers settlement activities, home demolitions, and evictions in Jerusalem to be particularly destabilizing and unhelpful in restarting negotiations. The King has a keen interest in preserving Jordan's role in administering the Haram al-Sharif/Temple Mount complex in Jerusalem and in overseeing other Islamic and Christian holy sites in Jerusalem.

¶7. (SBU) The King remains a resolute advocate of a two-state solution and has responded positively to his engagements with SEMEP Mitchell. Jordanian officials consistently express concern that Jordan will be asked to assume some form of responsibility for the West Bank, a proposition that King Abdullah consistently resists, as does an overwhelming percentage of the Jordanian public. Many Jordanians currently believe that Israel is unwilling to move forward on peace negotiations.

¶8. (SBU) Jordan has expressed concerns regarding Iran's nuclear program (ref B). Some Jordanians link Iran to regional instability and terrorist organizations Hamas and Hizbollah and argue that regional consensus on Iran depends on meaningful movement on Palestinian-Israeli peace negotiations.

¶9. (SBU) Jordan plays a positive role in regional security efforts, including in Iraq and Afghanistan. Jordan supports a conditional U.S. withdrawal from Iraq that prevents chaos in Iraq, which would impact Jordan, and which limits the Iranian influence there. Despite local press reporting on Jordan's role in Afghanistan, Jordan will continue its security cooperation in Afghanistan. During your meetings here, officials will likely raise, as they recently did in

Washington, the issue of Jordan providing further support in Afghanistan in exchange for additional economic assistance through an anticipated Afghanistan supplemental appropriation (ref D).

¶10. (SBU) Jordan hosts numerous Iraqis who have fled the conflict and its after-effects and has provided them with access to some social services. The GOJ does not formally classify the Iraqis as refugees, because of concerns that a new permanent refugee populace in Jordan, in addition to the already sizable Palestinian refugee population, would further erode the demographic position of East Bankers. The GOJ emphasizes that hosting the Iraqis has been a burden on the budget, and Jordan has received international aid to ease their already tight fiscal situation. Jordanian officials have previously placed the number of Iraqi refugees between 450,000 and 500,000, but have now backed away from specific numbers of late in the face of estimates from most international organizations and NGOs working with the refugees that are significantly lower, perhaps in the 100,000 to 200,000 range. The real numbers are uncertain in the absence of a needs assessment study on Iraqis in Jordan, which the U.S. and others have been urging. Displaced Iraqis in Jordan are integrated and live within Jordanian communities, not in refugee camps.

#### Budget Challenges and Impact on USG

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¶11. (SBU) Your visit also comes as Jordan faces a difficult budget environment (ref A). The 2010 budget includes \$6.74 billion in projected revenues and \$7.71 billion in expenditures and has a \$1.4 billion deficit before grants, which is 5.8% of Jordan's GDP (estimated at \$24.7 billion for 2010). The 2010 budget features 20% cuts to capital expenditures and 1.4% cuts to current expenditures and will impact GOJ agencies by curtailing their ability to hire new employees and forcing additional cuts in overtime, official travel, and purchases of vehicles and furniture. Existing reform and development projects requiring new staff and/or construction will also face financial constraints. Weak growth in 2009 will translate to lower income and sales tax revenues this year (taxes on 2009 income will be paid in 2010). This along with a downward trend for the collection of land sales and other fees by the GOJ in 2010 portends an even more precarious budget situation during the second half of 2010. This budget environment has already resulted in additional requests from the GOJ for financial and technical assistance.

#### Assistance MOU

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¶12. (SBU) On September 22, 2008, Jordan and the U.S. signed a memorandum of understanding (MOU) related to development, economic, and military assistance. The agreement laid out a five-year non-binding annual commitment of economic support funds (ESF) (\$360 million) and foreign military funds (FMF) (\$300 million). (Note: The FY 2011 OMB budget submission includes \$360 million in ESF and \$300 million in FMF for Jordan. End note.) In turn, a side letter spelled out the joint intent to expand cooperation in the political and economic arenas. The side letter draws on the 2006 Jordanian "National Agenda" reform plan and identifies areas of mutual cooperation to be discussed in separate economic and political bilateral dialogues. A bilateral political dialogue meeting focused on equality for women under the law, media freedom, religious tolerance and freedom, prison conditions and inmate treatment, good governance, and a strong civil society was held in Amman in January 2010 with DRL A/S Posner, S/P Director Slaughtner and NEA PDAS Schlicher leading the USG delegation (ref F). GOJ officials have proposed the bilateral economic dialogue take place in April in Washington.

#### USAID's Focus

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¶13. (SBU) The USAID Mission in Jordan is the key conduit of \$360 million in ESF assistance to Jordan. The cash transfer program representing no more than 45% of the assistance bolsters Jordan's short-term stability by helping the GOJ pay down external non-military debt. The program is conditioned on policy reform across sectors and results in the GOJ programming an equivalent amount of local currency each year for mutually agreed priority development projects. USAID projects have touched and continue to improve the lives of millions of Jordanians. Among the successes, USAID assistance has renovated or equipped 318 health centers, constructed six major water and wastewater treatment plants serving four million people, helped create 20,000 jobs in the tourism sector, and will build up to 31 new schools and renovate 120 schools serving 100,000 students throughout the country by 2012.

Post Security and Growth  
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¶14. (SBU) Space and security are the biggest management issues for Embassy Amman. Since 2002, Post has grown 70% in the number of positions. Within the past year, the north chancery courtyard has been filled in with office space. OBO did not fund the purchase of vacant lots adjacent to the Embassy compound as recommended by OBO's business plan, and construction of private homes has begun on some of the lots. Post will implement in 2010 a perimeter security upgrade. The recent suicide bombing in Afghanistan has focused domestic and regional attention on security cooperation between the U.S. and Jordan. Though a January 2010 attack on an Israeli convoy in Jordan failed, the attack and the use of a roadside bomb are negative indicators for the general security environment.

Beecroft